

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of )  
WADE F. SEIDEL )  
A Former Director )  
of First Federal Savings )  
Bank, Hempstead, Texas )  
and )  
First Savings Association, )  
Brenham, Texas )

Resolution No. DAL-91-193

Dated: October 31, 1991

STIPULATION AND CONSENT TO THE ENTRY  
OF A CEASE AND DESIST ORDER

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office in Dallas, Texas ("Regional Director"), and Wade F. Seidel ("Seidel"), a former Director of First Federal Savings Bank, Hempstead, Texas, ("First Federal"), and First Savings Association, Brenham, Texas ("First Savings") agree as follows:

1. CONSIDERATION.

The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease-and-desist proceeding against Seidel pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA") 12 U.S.C. § 1818(b) (1988 & Supp. I 1989), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"). Seidel desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such adminis-

Stipulation and Consent to The Entry of  
A Cease and Desist Order  
Page 2

trative cease-and-desist litigation against Seidel.

2. JURISDICTION.

- (a) First Federal and First Savings at all times relevant to the allegations set forth herein were each deemed a "savings association" within the meaning of Section 3(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(b)), and Section 2(4) of the Home Owners' Loan Act of 1933, 12 U.S.C. § 1462(4) (Supp. I 1989). Accordingly, each is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(c)).
- (b) Pursuant to Section 3(q) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(q)), the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such savings associations.
- (c) Seidel was at all times relevant to the allegations set forth herein an institution-affiliated party of First Federal and First Savings under Section 3(u) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(u)) in that he served as a director of

Stipulation and Consent to The Entry of  
A Cease and Desist Order  
Page 3

First Federal from May 26, 1988 to September 14, 1990, and as a director of First Savings from May 26, 1988 to September, 1989.

OTS alleges that contrary to safe and sound practices Seidel, as a member of the board of directors of First Federal, failed to establish adequate internal controls at First Federal, the failure of which led to:

- (i) the assistance payments made by the Federal Savings and Loan Insurance Corporation to First Federal in the amount of \$106,134 being entered into the books of First Savings and accordingly, First Savings had the benefit of such payments for its own accounts; and
- (ii) a receivable in the amount of \$535,627 being established in the books of First Federal which receivable represented an audit adjustment to reflect that a mortgage-backed security transferred from First Savings to First Federal, as required by the assistance agreement, was the wrong mortgage-backed security, resulting in the shortage of \$535,627 to First Federal.

Stipulation and Consent to The Entry of  
A Cease and Desist Order  
Page 4

(d) Therefore, the OTS believes that Seidel is subject to the authority of the OTS to initiate and maintain a cease-and-desist proceeding against him pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b) (1988 & Supp. I 1989).

3. CONSENT.

Seidel consents to the issuance by the OTS of the Order. He further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. FINALITY.

The Order is issued under Section 8(b) of the FDIA, 12 U.S.C. § 1818(b) (1988 & Supp. I 1989). Upon its issuance by the Regional Director, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i) (1988 & Supp. I 1989).

5. WAIVERS.

Seidel waives his right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, 12 U.S.C. § 1818(b) (1988 & Supp. I 1989), and further waives any right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h) (1988 & Supp. I 1989), or otherwise to challenge the validity of the Order.



UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of )  
 )  
 )  
WADE F. SEIDEL )  
Former Director )  
of First Federal Savings Bank )  
Hempstead, Texas, and )  
First Savings Bank, )  
Brenham, Texas )  
 )

Resolution No. DAL-91-193

Dated: October 31, 1991

ORDER TO CEASE AND DESIST

WHEREAS, Wade F. Seidel ("Seidel") has executed a Stipulation and Consent to the Entry of A Cease and Desist Order, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Midwest Region ("Regional Director") in Dallas, Texas, and

WHEREAS, Seidel in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA") 12 U.S.C. § 1818(b) (1988 & Supp. I 1989) as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"). 12 U.S.C. § 1818(b)).

NOW THEREFORE, IT IS ORDERED that:

1. Seidel shall cease and desist from any unsafe or unsound practice as an institution-affiliated party within the meaning of Section 3(u) of the FDIA, as amended by FIRREA, (to be codified at 12 U.S.C. § 1818(u)).
2. Seidel shall cease and desist from further participation, in any manner, in the conduct of the affairs of First Federal Savings

-2-

Bank, Hempstead, Texas ("First Federal") and First Savings Bank, Brenham, Texas ("First Savings").

3. (a) In settlement of the OTS's claims arising out of Seidel's service as a director, Seidel shall make reimbursement of \$1,200 of director fees received from January 1989 to September 1990, for his service as a director at First Federal and/or First Savings.  
(b) Seidel shall comply with Paragraph 3(a) by sending to the OTS, Dallas Office, a certified check for \$1,200 made payable to First Savings Association, Brenham, Texas, by October 31, 1991.
4. Without the prior written approval of the Regional Director and, if appropriate, another Federal financial institutions regulatory agency, Seidel may not hold any office in, serve as a director for, or participate in any manner in the conduct of the affairs of any institution(s) or other entity as set forth in Section 8 of the FDIA, 12 U.S.C. § 1818 (1988 & Supp. I 1989), hereinafter referred to as a "Covered Institution". Conduct restricted by this Order includes, inter alia, the solicitation, transfer or exercise of any voting rights with respect to any securities issued by any insured depository institution.
5. If approval is obtained from the Regional Director or, where appropriate, another Federal financial institutions regulatory agency, Seidel, upon becoming a director, officer, or controlling person of a Federally insured depository institution, or any holding company thereof, shall obtain advice of competent counsel

-3-

on his duties and responsibilities, both initially upon accepting such a position and when particular issues arise that may cause Seidel to be uncertain about his responsibilities.

6. Nothing in this Order, however, restricts Seidel from any of the following activities, even though such activities may involve or relate to a Covered Institution:

- a. performing accounting/bookkeeping, auditing, and general tax services in his individual capacity or as a member of any firm with which he is now associated, for a Covered Institution, solely as an independent contractor on an arm's length, case-by-case basis;
- b. being a customer, depositor, or borrower of a Covered Institution;
- c. owning stock, but less than a controlling interest as defined in Section 7(j) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1817(j)) and 12 C.F.R. § 574.4, in a Covered Institution;

Provided, however, that such activities may not be performed in a manner that would make Seidel an "institution-affiliated party" as that term is defined at Section 3(u) of the FDIA, as amended by FIRREA to be codified at 12 U.S.C. § 1813(u).

OFFICE OF THRIFT SUPERVISION

/s/

By: \_\_\_\_\_

Billy C. Wood  
Regional Director  
Midwest Region  
Dallas, Texas